

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: January 4, 2012
POSITION: Neutral

BILL NUMBER: AB 523
AUTHOR: D. Valadao

BILL SUMMARY: Ethanol: Renewable Fuel and Vehicle Technology Program

Existing law creates the California ethanol producer incentive program (CEPIP) within the Alternative and Renewable Fuel and Vehicle Technology Program (ARFVTP) to provide corn ethanol production plant owners with temporary financial assistance during periods of difficult economic operating conditions, repayable under more favorable market conditions. Under existing law, the CEPIP becomes inoperative on July 1, 2013 and its provisions sunset January 1, 2014.

This bill would make projects for the production of ethanol derived from corn ineligible for funding from the ARFVTP, effective July 1, 2013. The bill also would eliminate provisions for extending in statute the CEPIP loan program.

FISCAL SUMMARY

According to the California Energy Commission (Energy Commission), this bill is not likely to result in significant costs. The Department of Finance (Finance) concurs and notes any costs associated with this bill should be absorbable within Energy Commission existing resources.

COMMENTS

Finance is neutral on the bill as any costs would be absorbable.

The bill is intended to eliminate subsidies available under the CEPIP for corn ethanol production. The use of corn to produce ethanol has a negative effect on food supplies, food prices, and agricultural industries within California. Further, ethanol derived from corn has been shown to have little positive environmental effects and hinders development of clean technologies with true environmental benefits.

		SO	(Fiscal Impact by Fiscal Year)							
Code/Department		LA	(Dollars in Thousands)							
Agency or Revenue		CO	PROP							Fund
Type		RV	98	FC	2011-2012	FC	2012-2013	FC	2013-2014	Code
3360/Energy Comm		SO	No		-----	No/Minor	Fiscal Impact	-----		3117
<u>Fund Code</u>	<u>Title</u>									
3117	Alternative & Renewable & Vehicle Tech									

Analyst/Principal (0623) J. McGuinn	Date	Program Budget Manager Karen Finn	Date
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Department Deputy Director	Date
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Governor's Office:	By:	Date:	Position Approved _____
			Position Disapproved _____

BILL ANALYSIS	Form DF-43 (Rev 03/95 Buff)
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